



ATLANTA 2973 hardman court | atlanta, ga 30324 | [www.kitchensnew.com](http://www.kitchensnew.com)  
HIAWASSEE 1895 bell eagle road | hiawassee, ga 30546

Direct Dial: 678-462-2880  
Facsimile: 678-244-2883  
Email: [randy@kitchensnew.com](mailto:randy@kitchensnew.com)

September 20, 2002

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12 Street, SW  
Washington, DC 20554

RE: CC Docket No. 02-33—Appropriate Framework for Broadband Access to the Internet over Wireline Facilities—*Ex Parte* Communication

Dear Ms. Dortch:

Pursuant to Section 1.1206(a)(1) of the Commission's Rules, on behalf of Redback Networks, Inc ("Redback"), I am filing this letter to report on an oral *ex parte* communication in the above-referenced proceeding.

Yesterday, Mr. Kevin DeNuccio of Redback and I met with the following people: Jordan Goldstein of Commissioner Copps' office; Susan Ead of Chairman Powell's office; Commissioner Martin and Dan Gonzalez of his office; Wireline Competition Bureau Chief William Maher, and Jeffrey Carlisle, Scott Bergmann, Jessica Rosenworcel, Cathy Carpino, Jeremy Miller and Kathy Tofigh of the Bureau; and Scott Marcus of the Office of Plans and Policy.

Mr. DeNuccio and I explained that Redback is one of three companies that offer the routers that act as the intelligence of the Internet. Redback sells across the industry but has a large presence in the DSL market.

Mr. DeNuccio explained that the next generation manufacturers are facing a financial crisis after two years of depression in their portion of the industry. The crisis is hampering investment by broadband vendors to the extent that we may miss a generation of equipment. The primary reason for the financial crisis in this section is that carriers of all types are not spending. One important reason for their failure to spend is regulatory uncertainty and a fear by DSL-based network providers that regulation will be adverse to their recovery of their investments in DSL.

Another way to think about the DSL investment crunch is that DSL prices throughout the United States are admittedly high and higher than many countries in Asia. However, those prices are unlikely to decrease until we create a cost curve with a significant enough drop to permit a sharply downward price curve to develop. Only that way will DSL providers obtain the level of margin that will make complete deployment of DSL facilities AND services likely.

Today, Redback and others in this sector can improve and enhance existing technology in ways that will allow DSL providers to curtail network and operational costs and to have functionality that leads to new service revenues---- BUT, only if there is external capital or internally generated revenue to support investment. Regulation that adds more risk to deployment of broadband networks is bad regulation and inimical to the

continued existence of a next generation vendor community. Given the state of this segment of the industry, failure to create certainty soon is also likely to be disastrous.

If there are any questions regarding this submission, please contact me at the above number.

Respectfully submitted,

/s/

Randy L. New

cc: Meeting Participants –

Commissioner Kevin J. Martin  
Daniel Gonzalez  
Jordan Goldstein  
Susan Ead  
William Maher  
Jeffrey Carlisle  
Scott Bergmann  
Jessica Rosenworcel  
Cathy Carpino  
Jeremy Miller  
Kathy Tofigh  
Scott Marcus